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SUBJECT: AMBASSADOR'S MARCH 17 MEETING WITH URI CHAIRMAN  
CHUNG DONG-YOUNG

REF: SEOUL 827

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b/d).

SUMMARY

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¶1. (C) In a March 17 meeting, Uri Party Chairman Chung Dong-young pressed the Visa Waiver Program (VWP) for South Korea and for the inclusion of Kaesong-made goods in the U.S.-ROK FTA. On North Korea, Chung recommended de-linking illicit DPRK activities from the Six Party Talks. The Ambassador said he supported Korea's inclusion in the VWP and negotiation of an FTA. The Kaesong Industrial Complex, however, raised questions about North Korean labor conditions, which made it hard to envision an easy solution to its inclusion in a U.S.-ROK FTA. END SUMMARY.

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VWP, FTA, and the Alliance  
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¶2. (C) After exchanging pleasantries, Uri Chairman Chung Dong-young asked the Ambassador to consider South Korea for the Visa Waiver Program. The Ambassador responded that this was something that he wanted to see accomplished. South Korean admission to the VWP along with a U.S.-ROK Free Trade Agreement (FTA) would demonstrate that bilateral relations had advanced to the next level. South Korea was close to meeting the VWP refusal rate requirement and other technical issues were being worked out. The Ambassador was optimistic about possible South Korean VWP inclusion. He commented that on the FTA issue, various representatives from industry were supportive, and he was optimistic about its prospects. Washington and Seoul shared very similar views about the potential benefits of the FTA. The Ambassador said that he and his ROK counterpart, Ambassador Lee Tae-shik, planned to go on a joint speaking tour in May in the United States to promote the FTA and the overall U.S.-ROK bilateral relationship.

¶3. (C) Chung noted that there were many difficult issues in the bilateral relationship, but South Korea was moving forward to resolve them. Washington and Seoul had made progress on issues such as USFK realignment, the ROK dispatch of troops to Iraq, FTA discussions, and the strategic flexibility concept because there was a certain level of trust between Seoul and Washington. For the past 53 years, the Mutual Defense Treaty was the main pillar of the

bilateral relationship. Once the FTA was accomplished, there would be a second major pillar that would support the relationship for the next 50 years.

14. (C) The Ambassador said that resolution of the strategic flexibility issue was good news, despite some negative publicity in the ROK based on a misunderstanding of the impact of the agreement. USFK was continuing to work with ROKG counterparts to resolve the environmental aspects related to the return of some USG military facilities to the Korean side. The Ambassador said he hoped press reports would not be too sensationalized. Regarding the discussion on the transfer of wartime operational command, Washington and Seoul needed to work as privately as possible to avoid allowing the press to negotiate for us. USFK Commander General Bell had some good ideas for arriving at a mutually beneficial result, the Ambassador noted.

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NORTH KOREA  
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15. (C) The North Korean issue involved more than just the alliance because we also needed to convince the DPRK side. The Ambassador stressed that the USG sought an early DPRK return to the Six Party Talks (6PT). The 6PT forum could achieve more than just resolution of the nuclear issue, since the agenda included the issues of a peace regime and the normalization of relations with the North.

16. (C) Chung interjected that we needed to keep the 6PT separate from other issues including illicit activities, and this was why the recent U.S.-DPRK meeting in New York carried a great significance. Chung said that at the inter-Korean ministerial meetings in December, his last as Unification

Minister, he had made three points to his North Korean counterpart: (1) the DPRK should not link the 6PT with other issues; (2) illegal DPRK activities were unacceptable and must be resolved; and (3) human rights should be addressed. Chung elaborated that there had been an EU-DPRK dialogue on human rights, and perhaps this could be restarted. Chung stressed that his North Korean interlocutors did not walk out of the talks and instead indicated they would report his points to their superiors, which Chung believed was a promising sign.

17. (C) The Ambassador agreed that this could be seen as a good sign. The 6PT should not be linked with other issues, but the forum provided an opportunity to talk about other topics in addition to the nuclear issue, based on the September 19 Joint Statement. Washington was prepared for an early resumption of the 6PT and was thinking of ways to move forward with a peace regime, normalization, and measures to promote economic reform in North Korea. The North should realize that delaying the 6PT was not in its interests.

18. (C) Chung assessed that Kim Jong-il knew that time was not on his side, and barring changes, the DPRK economy would fall further behind its neighbors. He cited Kim's recent visit to China as significant because it reflected the North's interest in reforming its agricultural and information technology sectors. We should continue to use various channels to convince Kim Jong-il of the need to make a bold decision to reform. In response to a question about contacts between the Uri Party and the North, Chung said the dialogue was good. The North Koreans felt comfortable that the Uri Party was not trying to cause the DPRK to collapse, so they sought to build trust with Uri officials. Chung stressed that the Uri Party would endeavor to convince the North to make the decision to reform.

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Human Rights and the KIC  
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19. (C) The Ambassador remarked that the Kaesong Industrial Complex (KIC) was receiving more international attention, but this might be a mixed blessing for the ROKG. Some were asking questions about labor conditions and whether the DPRK

workers were receiving their full wages. Washington and Seoul needed to maintain close contact on this issue to ensure that North Korea received the right message. Hopefully, Kim Jong-il's visit to China would have a positive effect on his decisions. It seemed, however, that Kim's priority remained political control rather than the economic reforms that were needed to improve the lives of the North Korean people.

¶10. (C) Chung said that as we entered discussions on an FTA, he hoped we could address rules of origin issues to allow ROK companies that used South Korean inputs to build products in the KIC for export to the United States. Chung said that during his visit to Washington, he had discussed with U.S. Commerce officials his desire for U.S. companies to open KIC operations and that the Deputy Secretary of Commerce had responded that there were no obstacles for U.S. investment in the KIC, although firms would need to comply with limits on technological transfers. Chung also claimed that senior Chinese party officials had expressed a desire to visit KIC and perhaps support PRC business operations in the KIC.

¶11. (C) The Ambassador responded that inclusion of the KIC in the FTA was complicated. Technical solutions to rules of origin might exist, but questions over human rights and whether the KIC served to support the Kim Jong-il regime were also significant. The Ambassador was not optimistic that there would be an easy solution. It would be better if ROK companies could provide wages directly to their North Korean workers. Acknowledging that the ROKG was already trying to address the issue of providing wages to the workers directly (reftel), the Ambassador said that until there was progress on such issues, the KIC would continue to have critics as well as supporters in the United States.

¶12. (C) Chung said that the 6,200 North Korean workers in the KIC received about \$57.50 dollars a month, so the North was receiving around \$400,000 a month. In comparison, for the Kumgang tourism project, the North received \$50 per

tourist for a three-day, two-night trip. Chung concluded that for the same amount of money, the South got more bang for its buck with the KIC project. Chung claimed that there were two or three children of high-ranking DPRK military officers working at the KIC. He understood that some students at the elite Kim Il-sung University viewed KIC employment as a good opportunity. As operations at the KIC expanded, the number of North Korean workers could reach as high as 700,000 by the year 2012, alongside with tens of thousands of ROK workers, so the ripple effect in the North would be great.

¶13. (C) The Ambassador expressed appreciation that the ROKG brought up human rights with North Korean counterparts. We needed to remind North Korea of international values and why human rights were important. The North should agree to receive a visit from the UN Special Rapporteur on Human Rights in the DPRK. The DPRK had signed the Universal Declaration on Human Rights and should behave as a member of the international community. The Ambassador said he hoped that the Korean Government would find it easier to talk publicly about human rights in North Korea.

VERSHBOW